

CHICAGO – U.S. Representatives Mark Kirk, Judy Biggert and Peter Roskam joined with public transit and business leaders today to introduce legislation providing gas price relief for thousands of Chicagoland residents. The Creating Opportunities to Motivate Mass-transit Utilization To Encourage Ridership (COMMUTER) Act offers tax incentives for companies to boost employee participation in public transportation. Joining the representatives were Regional Transportation Authority (RTA) Chairman James Reilly and Chicagoland Chamber of Commerce President and CEO Jerry Roper.

“Gas prices in Chicago have skyrocketed by more than 75 percent since January 2007,” Congressman Kirk said. “The average Chicagoan now pays \$1,620 in gasoline costs for the work commute each year. While we should continue to research more energy- and fuel-efficient vehicles, we need to provide immediate relief at the pump. Congress already offers employers tax incentives for benefits like health insurance – we should do the same to encourage mass transit use. The COMMUTER Act gives tax breaks for companies that offer their employees no-cost public transportation vouchers. If we’re serious about becoming energy independent and saving Americans thousands of dollars at the pump, we need to help employers take the first step. When searching for a new job, ‘do you offer commuter transit benefits’ should be asked as often as ‘do you offer dental coverage.’”

“We’re looking for ways to relieve the pressure on folks who are suffering sticker shock every time they go to the gas pump,” said Biggert. “This is a common-sense and timely solution that will help more commuters get to work without breaking the bank. By boosting the incentive to offer transit benefits, this bill will ensure that more employees are given the option to leave their car at home. And the more people fill up at \$4.00 a gallon, the more interested they become in alternatives like mass transit.”

“For the future of our nation, the preservation of our environment, and the strength of our economy, Americans must reduce their dependence on foreign sources of energy,” said Roskam. “One solution to reducing the burden high gas prices place on Chicagoland families is by encouraging the use of public transportation. Despite the great need to increase access to mass transit, Governor Blagojevich has failed at bringing people together to pass a capital bill. Governor Blagojevich’s continued lack of leadership leaves Illinois residents without the opportunity to receive more than \$4 billion in federal funds for capital projects. Legislators at all levels of government must find comprehensive, common-sense solutions, giving hard-working families the relief at the pump they so desperately need.”

As gas prices continue to rise, the most immediate and cost-effective way to provide relief to consumers is to provide incentives for mass transit use. According to the American Public Transportation Association, mass transit in the U.S. saves an annual 1.4 billion gallons of gasoline. This represents almost 4 million gallons of gasoline per day. Factoring in the current average price of gas in the Chicagoland area of \$3.95, public transit in the region saves consumers more than \$1 billion in gasoline costs in our area alone.

Public transportation use has not kept stride with rising gas prices. According to information from the RTA, 2008 first quarter ridership only increased by 2 percent compared with first quarter 2007 system ridership (147.5 million vs. 150.5 million).

Current law allows businesses, governments, non-profits and employees to purchase tax-free transit benefits. However, there is no tax incentive for employers to directly subsidize their workers' transportation costs. The COMMUTER Act offers employers a 50 percent tax credit for all free transit benefits provided to employees, up to \$115 per employee per month. Employees could receive up to \$1,380 in no-cost tax-free mass transit each year, with the employer receiving \$690 in tax credits per employee. Employers taking the tax credit would be ineligible for pre-tax deductions for their contribution.

Forbes recently estimated the average gasoline cost for the work commute in the Chicago metro area at \$6.23 per day. Businesses fully taking advantage of the new program could save each of their participating employees an average of \$1,620 per year.

A new study by BusinessWeek Research Services estimates that 53 percent of employees in Chicago, San Francisco and New York would take public transportation if their employer provided access to current transit benefits. Out of the respondents, 60 percent said their company doesn't provide tax-free commuter benefits. According to the RTA, only 2,000 companies and 70,000 employees participate in the pre-tax transportation program.

The COMMUTER legislation is backed by the American Public Transportation Association (APTA). The COMMUTER Act will be introduced in Congress this week.

COMMUTER Act

A BILL

To amend the Internal Revenue Code of 1986 to allow employers a refundable credit against income tax for 50 percent of the employer's cost of providing tax-free transit passes to employees.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Creating Opportunities to Motivate Mass-transit Utilization To Encourage Ridership Act of 2008” or the “Commuter Act of 2008”.

SEC. 2. REFUNDABLE EMPLOYER CREDIT FOR PROVIDING TAX-FREE TRANSIT PASSES TO EMPLOYEES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by inserting after section 35 the following new section:

“SEC. 35A. EMPLOYERS PROVIDING TAX-FREE TRANSIT PASSES TO EMPLOYEES.

“(a) IN GENERAL.—In the case of an employer, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to 50 percent of the amount paid or incurred by the taxpayer during the taxable year—

“(1) for transit passes provided to employees of such employer, and

“(2) as cash reimbursements made to such employees for transit passes purchased by such employees.

“(b) LIMITATION TO TAX-FREE TRANSIT PASSES.—

Subsection (a) shall apply to a transit pass (or reimbursement) provided to an employee only to the extent that the employer reasonably expects that the value of such pass (or the amount of such reimbursement) is excludable from such employee's income under section 132.

“(c) EXCLUSION OF NONTAXPAYERS.—Subsection (a) shall not apply to any employer which is exempt the tax imposed by this chapter with respect to the activity in which the employee is performing services for the employer.

“(d) DEFINITIONS.—Terms used in this section shall have the respective meanings given such terms by section 132.”.

(b) DENIAL OF DOUBLE BENEFIT.—Section 280C of such Code is amended by adding at the end the following new subsection:

“(f) EMPLOYER CREDIT FOR PROVIDING TAX-FREE TRANSIT PASSES TO EMPLOYEES.—No deduction shall be allowed for that portion of the expenses (otherwise allowable as a deduction) taken into account in determining the credit under section 35A for the taxable year which is equal to the amount of the credit allowable for such taxable year under section 35A(a).”.

(c) CLERICAL AMENDMENT.—The table of sections for such subpart C is amended by inserting after the item relating to section 35 the following new item:

“Sec. 35A. Employers providing tax-free transit passes to employees.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transit passes provided after the date of the enactment of this Act in taxable years ending after such date.